

DOCKET SECTION

BEFORE THE  
POSTAL RATE COMMISSION

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POSTAL RATE AND FEE CHANGES, 1997

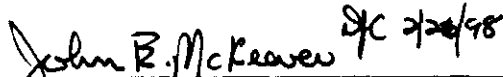
DOCKET NO. R97-1

**ANSWER OF UNITED PARCEL SERVICE WITNESS  
KEVIN NEELS TO INTERROGATORY OF  
THE OFFICE OF THE CONSUMER ADVOCATE  
(OCA/UPS-ST1-1)**

(February 26, 1998)

Pursuant to the Commission's Rules of Practice, United Parcel Service ("UPS") hereby serves and files the response of UPS witness Kevin Neels to interrogatory OCA/UPS-ST1-1 of the Office of the Consumer Advocate.

Respectfully submitted,

 JEC 2/26/98

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Of Counsel.

**ANSWER OF UNITED PARCEL SERVICE  
WITNESS NEELS TO INTERROGATORY OF  
THE OFFICE OF THE CONSUMER ADVOCATE**

**OCA/UPS-ST1-1.** On page 3, line 15, of your supplemental testimony you provide the formula for the F statistic.


- a. Please provide a citation for the formula.
- b. In the denominator you have the expression  $(T - kn - n)$ . Is this expression correct or is there a typographical error?

**Response to OCA/UPS-ST1-1.**

- a. See *Econometric Analysis* by William H. Greene, Third Edition, Section 7.4, for a discussion of the basic principles.
- b. The formula is basically correct. The unrestricted model attempts to estimate  $k+1$  coefficients for each of  $n$  sites. The actual number estimated is somewhat less because of the necessity of dropping variables from the site-specific models in those cases where the data series for a site covers only one of the time periods flagged by Bradley's time trend variables. The degrees of freedom have been adjusted to account for such cases.

**DECLARATION**

I, Kevin Neels, hereby declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information, and belief.

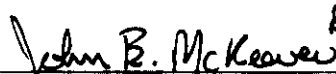
A handwritten signature in cursive script, appearing to read "Kevin Neels", is written above a horizontal line.

Kevin Neels

Dated: February 26, 1998

**CERTIFICATE OF SERVICE**

I hereby certify that I have this date served the foregoing document in accordance with section 12 of the Commission's Rules of Practice.

 *JEC 2/26/98*  
\_\_\_\_\_  
John E. McKeever

Dated: February 26, 1998  
Philadelphia, PA